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Thursday, June 29, 2006 6:25 PM CDT

Fast Cash customers not responsible for payments on illegal loans
By Warren Watkins



The Searcy Fast Cash store on Race Avenue was one of 14 Fast Cash locations fined 1.3 million for operating illegally in Arkansas.

The Daily Citizen

Searcy Fast Cash, 3205 E. Race, has been operating without a license and violating state lending law, along with 13 similar businesses owned by Dennis Bailey throughout Arkansas, according to the findings of a state agency.

The businesses' parent company, BMB Finance Company of West Plains, Mo., was ordered to pay \$1,317,450 in fines and fees Wednesday by the Arkansas State Board of Collection Agencies, Division of Check-Cashers for violating the Arkansas Check-Casher's Act.

The company operates Beebe Fast Cash and like businesses in Cabot, Little Rock, Bryant, Corning, Harrison, Mountain Home, Sheridan, Walnut Ridge, Fordyce, Camden, Hot Springs and Newport and formerly operated in Pine Bluff and Magnolia.

"He's not supposed to make any new loans, collect outstanding loans or cash any checks for a fee," Peggy Matson, executive director of the board, said about the order's import. "He's supposed to refund any fees for cashing checks and making loans to customers."

Customers need only to present their receipts at one of the locations or call the board at 371-1434 for a full refund of fees paid. Those with an outstanding loan do not have to repay the loan.



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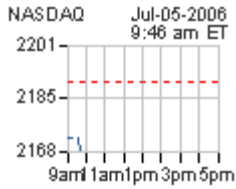
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“They owe him no money,” Matson said. “They do not have to repay these loans.”

At the Searcy location on Thursday, a reporter for the Daily Citizen was told a \$300 loan for him could be processed the next Wednesday. Told to bring a bank statement, pay stub, two forms of identification and a current utility bill, he was quoted a \$60 fee for the two-week loan. A poster at the store was labeled “BMB Payday Loan Rates,” and a rate of \$20 on every \$100 was reflected in its chart.

The equivalent annual percentage rate for such a loan is 521 percent. An additional \$13 fee is charged per month if payment is not forthcoming.

A customer must leave a signed check for the loan principal, which would be deposited and charged to the customer’s bank account if payment is not made in two weeks. A \$25 collection fee would also be assessed at that time.

Two female employees of the store, Kayla, apparently a clerk, and Donna, the manager, declined to give their last names. The manager said she would answer no more questions when she found she was talking to a journalist.

Asked if she knew the business was in violation of the law, the manager said she did not.

“We’re running a business by what we’re being told is standards of business,” she said. “I’ve already been counseled legally as to what I’m liable for legally.”

But there may be liability after all.

“Since none of these stores are licensed, an employee who participates in cashing checks for a fee or participates in processing a loan for a customer, whether it be taking payments or taking the application, can be charged with a class A misdemeanor,” Matson said. “Is \$8 an hour worth having a criminal record?”

A certificate from the Arkansas Secretary of State’s Office reflecting an application had been made for an LLC corporation in Arkansas was on display.

Applications for 13 check-cashing locations were made to the board in January 2005 but were rejected in March of that year when the board discovered that Bailey had been found to be selling tobacco without a permit by the Arkansas Tobacco Control Board and had violated regulations of the Arkansas Beverage Control.

The loans “are nothing more than deferred presentment transactions,” according to the board’s findings, and BMB is not authorized to make them.

Bailey was found in October 2004 to be operating in Pine Bluff without a license and fined \$20,200, which he paid with a check drawn on the Harrison store’s account. However, a stop-payment order was put on the check by Bailey, and the fine was never paid.

On March 4, 2005, Bailey received certification from the State of Missouri for organization of BMB Finance Company, LLC, in West Plains, Mo., but he was notified in January 2006 by Missouri authorities that the license only authorized the company to do business in West Plains.

Bailey is “deceiving the citizens of the State of Arkansas” with signs that claim the loans are authorized by the state of Missouri, the board reported.

The number of illegal loans made during the investigation and their amounts for the locations were: Searcy — 11 (\$4,428.03); Beebe — 56 (\$18,050); Cabot — 286 (\$91,560); Little Rock—547 (\$210,634); Newport — 80 (\$23,313); Fordyce — 210 (\$77,700); Sheridan — 251 (\$90,860); Camden — 639 (\$201,055); Corning — 47

Index	Last Trade	Change
NASDAQ	2185.08	-22.35
SP 500	1271.01	-9.18
Russ 2000	720.28	-10.52
AMEX	1930.91	-14.85
NYSE	8151.24	-90.27
30 YR BOND	52.61	0.60

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(\$14,925); Walnut Ridge — 228 (94,920); Harrison — 194 (\$60,675); Mountain Home — 275 (\$85,991); Hot Springs — 116 (\$37,311). Investigation periods varied for each location.

Bailey has not complied with the board's subpoenas for records, which were served on Bailey's attorney in May.

The board concluded "all transactions entered into by the Bailey Check-Cashing Businesses are null and void." Bailey was fined \$1,000 for each check-cashing transaction in 2006, a total of \$562,000; he was fined \$250 for each deferred presentment transaction in 2006, a total of \$725,250; he will have to pay the \$20,200 fine for the Pine Bluff store; he was ordered to pay \$10,000 in attorney's fees.

In a flyer distributed to customers Thursday at the Searcy location, it was stated that, "BMB Finance offers free credit counseling."

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